

EXHIBIT I

Milbank

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April 28, 2021

VIA EMAIL

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Re: Discovery in Revenue Bond Adversary Proceedings,
Nos. 20-00003, 20-00004, 20-00005

Counsel:

I write on behalf of Ambac¹ and FGIC, in response to the Government's April 26, 2021 Letter (the "April 26 Letter") and to follow-up on the status of certain outstanding requests the Government stated it was reviewing in its April 20, 2021 Letter (the "April 20 Letter").

In its April 26 Letter, the Government advised that its document production, including documents required to be produced under the Motion to Compel Order,² is complete (except for documents that the Government's auditors will be producing directly to Defendants). Defendants wish to promptly call the Government's attention to several deficiencies and open issues regarding its production.

I. Outstanding Requests

In the April 20 Letter, the Government indicated that it is in the process of responding to Defendants' April 14, 2021 Letter. Please advise when the Government expects to get back to

¹ Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the *Joint Status Report Regarding Discovery in the Revenue Bond Adversary Proceedings*, dated February 25, 2021 [ECF No. 15889] (the "February 25 Joint Status Report").

² Motion to Compel Order refers to the March 26, 2021 *Order on Defendants' Motion to Compel Document Discovery From the Government in the Revenue Bond Adversary Proceedings* (ECF No. 16236.)

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Defendants regarding these open issues (some of which involve issues covered by the Motion to Compel Order).

Additionally, in Defendants April 19, 2021 Letter (the “April 19 Letter”) to the Government, Defendants listed specific questions concerning the types of reports and data that can be produced by PRIFAS. In its April 20 Letter to Defendants, the Government stated it was reviewing Defendants’ requests and that it would confirm with Treasury that it has no additional documents identifying the data and fields available in PRIFAS. Defendants have not yet received answers from the Government regarding these specific requests. Please advise when the Government expects to get back to Defendants regarding these open issues.

Earlier today Defendants received a production from KPMG. Defendants have not yet had an opportunity to review this production but will do so and advise as to whether there are open issues or gaps in the production.

II. Gaps in the Government’s Document Production To Date

a. PRIFA

To date, Defendants have identified the following open issues and categories of documents for which production remains incomplete:

- Defendants have not received an executed version of the 1997 Amended Trust Agreement in connection with PRIFA Request No. 1. (*Defendants’ Initial Document Requests for the Production of Documents in Connection with the PRIFA Revenue Bond Adversary Proceeding* (the “PRIFA Initial Document Requests”), Request No. 1.)
- Defendants have not received documents sufficient to explain the anomalies between the 1988 Trust Agreement and 1997 Amended Trust Agreement. (PRIFA Initial Document Requests, Request No. 1.)
- Defendants have not received an executed copy of the 1989 First Supplemental Trust Agreement. (*See* April 19 Letter at 5-6.)
- Defendants have not identified any documents responsive to PRIFA Request No. 4 concerning the nature and location of the Infrastructure Fund. (PRIFA Initial Document Requests, Request No. 4.)
- Defendants have not received documents responsive to the requests for additional PRIFAS data detailed in Defendants’ April 19 Letter. (*See* April 19 Letter at 1-3.)
- Defendants have not yet received a response to their inquiry in their April 23, 2021 letter regarding their inspection of the hard-copy bound volume for PRIFA Special Tax Revenue Bonds, Series 1988A. (Ltr. from John J. Hughes III to Elizabeth L. McKeen, *et al.* (Apr. 23, 2021) at 2.)

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- Defendants have not yet received documents sufficient to show how the flow of Rum Tax Remittances were recorded and described in the financial statements throughout the relevant period, January 1, 2014 to the present. (PRIFA Initial Document Requests, Request Nos. 4, 6.)

b. HTA

Defendants have identified the following open issues and categories of documents for which production remains incomplete:

- Defendants have not yet received all documents governing the HTA bonds, including all versions of the Bond Resolutions. (*Defendants' Initial Document Requests Pursuant To Order Regarding Discovery In Connection With Motions Of The Commonwealth of Puerto Rico, By and Through The Financial Oversight And Management Board, Pursuant To Bankruptcy Rule 7056 for Partial Summary Judgment Disallowing Claims* (ECF No. 129) (the "HTA Initial Document Requests"), Request No. 1.)
- Defendants have not yet received documents sufficient to show how the flow of Excise Taxes and Pledged Revenues were recorded and described in the financial statements throughout the relevant period, January 1, 2014 to the present. (HTA Initial Document Requests, Request No. 2.)
- Defendants have not yet received documents sufficient to show the policies and procedures related to the flow of Excise Taxes. (HTA Initial Document Requests, Request No. 5.)
- Defendants have not yet received documents responsive to the requests for additional PRIFAS data detailed in Defendants' April 19 Letter. (*See* April 19 Letter at 1-3.)
 - Additionally, Defendants have received documents from third parties that identify HTA as having an "Internal Auditor" in its Organization Chart. (*See, e.g.,* SIDLEY_2021-03-HTA-000023). Defendants have not yet received documents from the Government regarding the Internal Auditor for HTA nor documents or communications regarding internal audit functions and personnel at the Commonwealth, Treasury, and PRIFA. Please confirm that the Government is seeking responsive information and identifying appropriate custodians regarding the internal audit functions and personnel at the various entities in connection with outstanding accounting requests.
- Defendants have not received sufficient documents regarding the reason for the change that occurred in the accounting of the HTA Pledged Revenues that resulted in recording the Pledged Revenues in Fund 278 rather than Fund 793. (HTA Initial Document Requests, Request No. 2.)
 - Defendants initially requested "[a]ll documents governing the Flow of Excise Taxes and HTA Pledged Revenues following their collection by the Commonwealth, including all Documents governing Fund 278 and its

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subaccounts, and any other accounts or designated Funds (including the TSA) into or through which such funds are or have been transferred” (HTA Initial Document Requests, Request No. 2.) and “[a]ll records reflecting the actual Flow of Funds into and out of Fund 278 and its subaccounts, and any other accounts into which Excise Taxes and Pledged Revenues have been deposited (including the HTA Accounts) from January 2014 to the present. ((HTA Initial Document Requests, Request No. 3.) Defendants have not yet received documents responsive to these initial requests for Fund 793, the predecessor to Fund 278.

c. CCDA

Defendants have identified the following open issues and categories of documents for which production remains incomplete:

- Defendants have not received bank account statements for the Banco Popular account ending in -6545 for April 2006 through January 2014. (*Defendants’ Amended Initial Document Requests for the Production of Documents in Connection with the CCDA Revenue Bond Adversary Proceeding* (the “CCDA Initial Document Requests”), Request No. 2.)
- Defendants have not received bank account statements for the Banco Popular account ending in -2306 for April 2006 through January 2014. (CCDA Initial Document Requests, Request No. 2.)
- Defendants have not received the bank account statement for the FirstBank account ending in -2984 for February 2021. (CCDA Initial Document Requests, Request No. 2.)
- Defendants have not received the bank account statement for the FirstBank account ending in -3961 for February 2021. (CCDA Initial Document Requests, Request No. 2.)
- Defendants have not received documents sufficient to show the policies and procedures related to the flow of Hotel Taxes. (CCDA Initial Document Requests, Request No. 2.)
- Defendants have not received documents sufficient to identify and explain certain transfers of Hotel Taxes.
 - Defendants request information sufficient to identify all payments made to the Direct Marketing Organization of Puerto Rico since December 1, 2015, the first date on which payments due on CCDA bonds were not made (the “CCDA Payment Default Date”), including information regarding the accounts into or through which such funds are or have been transferred. (*See* Elizabeth L. McKeen April 21, 2021 Letter; CCDA_STAY0001110.)

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- Defendants request information sufficient to identify all payments made to CCDA since the CCDA Payment Default Date, including information regarding the accounts into or through which such funds are or have been transferred. (See Elizabeth L. McKeen April 21, 2021 Letter; CCDA_STAY0001110.)
- Defendants request additional information regarding the withdrawal of \$11,799,505.81 out of BPPR -2306 on December 7, 2020 (CCDA_STAY0014486), including information supporting the Government's assertion that this transfer was the reversal of a mistaken transfer from another Tourism Company account. (See Elizabeth L. McKeen April 21, 2021 Letter.)

III. Other Issues

The Government indicated it was willing to provide a document-by-document privilege log for any documents it withheld (or instructed others to withhold) as privileged. Please provide an update on whether this is complete.

Defendants would request the Government's availability to meet-and-confer regarding the open issues as soon as possible.

Very truly yours,

/s/ John J. Hughes, III

John J. Hughes, III

cc: Atara Miller
Martin A. Sosland
Robert S. Berezin
William Natbony